

November 2003

Dear Foreign Service Annuitant:

This annual letter provides important information about your **retirement benefits, health and life insurance** and other matters.

COST-OF-LIVING ADJUSTMENT

1. ***We begin with some good news.*** This year's cost-of-living adjustment (COLA) will be effective December 1, 2003 and payable in the annuity payment dated January 2, 2004.
2. **The amount of the COLA to be paid in January 2004 will vary according to your retirement plan and the commencing date of your annuity.** Those receiving benefits under the "old" FSRDS will receive a **2.1% COLA**. Those receiving benefits under the "new" FSPS will receive a **2.0% COLA on the FSPS part of their annuity and a 2.1% COLA on the FSRDS part, if any, of their annuity.** Any employee whose annuity began **on or after January 1, 2003** will receive, **instead of the full COLA described above**, a prorated COLA based on the number of months benefits were paid before December 1, 2003. **PLEASE NOTE: Anyone retired under the "new" FSPS who receives an "annuity supplement",** will receive the COLA described above on the regular annuity, but will not receive a COLA on the annuity supplement.

REEMPLOYMENT AFTER RETIREMENT

1. If you are reemployed after retirement in a position in the Federal Government, ***you must notify the Office of Retirement.***
2. In general, the law provides for suspension of the annuity if you are reemployed in the Federal Government on a full-time basis.
3. If you are reemployed in the Federal Government on a **part-time, intermittent (WAE) or temporary basis**, your annuity may generally continue subject to a ceiling on total compensation (annuity plus salary) which is the higher of (a) the annual (full-time) salary of position in which you are reemployed or (b) the rate of annual salary at retirement (unadjusted for inflation).

FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) OPEN SEASON

1. The **2003 FEHB Open Season** will be held from **November 10 through December 31, 2003.**
2. **If you are satisfied with your current coverage *and* wish to continue it through 2004, (and your plan remains in the FEHB Program, see point 4 below) THERE IS NOTHING YOU NEED TO DO.**
3. You may change your coverage from one plan or option to another, from self only to self and family, or any combination of these changes. **The rate changes for 2004 are effective January 1, 2004 and will be reflected in the annuity payment dated February 2, 2004.**
4. The plans on Page 4 are **withdrawing from the FEHB Program or reducing their service areas**, effective December 31, 2003:

If you are enrolled in a terminated plan, you ***must*** select another health plan by filing a completed Standard Form (SF) 2809-1, Health Benefits Registration Form, in order to continue participating in the FEHB Program. **We are sending a SF-2809-1 to all annuitants who are enrolled in a terminated plan.**

If you are enrolled in a terminated health plan and would like to request brochures before deciding on a new plan, please contact us at the address shown below.

If you are enrolled in a terminated plan and you fail to enroll in another FEHB plan during the Open Season, YOU WILL BE CONSIDERED to have cancelled your coverage. AS AN ANNUITANT, if your coverage is cancelled, you will NOT be eligible to reenroll.

5. If you have any questions or requests regarding a change in your health insurance coverage, please write to us at the address below:

**Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108**

You may also reach us by telephone at: **(202) 261-8960, (866) 224-9053** (toll-free), or **FAX (202) 261-8988**.

6. **The Office of Retirement** of the Department of State (*not* OPM) **will distribute Open Season literature to Foreign Service annuitants**. Except as noted, annuitants will receive a packet of Open Season materials, enclosed, which contains the following:

(a) **2004 Guide to Federal Employees Health Benefits Plans For Federal Retirees and Their Survivors (RI 70-9)**

This provides general information about changing your enrollment and a chart, which summarizes and compares the benefits of all plans in the FEHB Program. It also explains the adjustment in the premiums, if any. There is no separate guide for overseas retirees, as there was several years ago. **All retirees will receive RI 70-9 this year.**

(b) **Request for Registration Form or Brochures**

Please address requests to the Office of Retirement. Plan guides and brochures may also be obtained directly From OPM's website, <http://www.opm.gov/insure>.

7. **Former spouses** will receive a guide different from the one provided to annuitants. Their guide is titled "**2004 Guide to Federal Employees Health Benefits Plans For TCC and former Spouse Enrollees (RI 70-5)**". **If a former spouse inadvertently receives the wrong guide** (RI 70-9) he or she should contact the Office of Retirement and we will mail the correct one (RI 70-5).
8. If, after reading the guide, you decide that you may want to change your enrollment, you should send the Request for Registration Form or Brochures to the Office of Retirement at the address shown. Once we receive that form, we will send you a copy of the brochures on the specific plans you have requested and a form (SF-2809-1) for changing your enrollment.
9. **If you would like a brochure on a Prepaid Plan**, otherwise known as a Comprehensive Medical Plan (CMP) or a Health Maintenance Organization (HMO), **please contact the plan directly at the telephone number listed** in the 2004 Enrollment Information Guide and Plan Comparison Chart. Although we hope to stock brochures for some major plans, **we do not have brochures from all the CMP/HMOs.**

10. If you or someone you know has difficulty reading the small print on the enclosures, please contact us and we will send you the **“2004 Enrollment Information Guide and Plan Comparison Chart for the Visually Impaired (RI 70-10)”**.
11. **If you want to change your coverage, you must *return the completed Health Benefits Registration Form (SF-2809-1) to the Office of Retirement by December 31, 2003.***

PLANS DROPPING OUT OF THE FEHB PROGRAM FOR 2004

Employees in these plans who do not change health plans during open season will not have health benefits for 2004.

State	Plan Name	Code
California	Cigna HealthCare of California	9T
Florida	AvMed Health Plan of (North Florida)	EM
Michigan	The Wellness Plan	K3
Pennsylvania	Healthguard of Lancaster	NQ
Pennsylvania	Health Net of Pennsylvania	2K
Tennessee	HealthSpring	6K
Washington	PacifiCare of Washington	WB
Wisconsin	Group Health Cooperative of Eau Claire	WT
Nationwide	Alliance Health Benefit Plan	1R

TRICARE COVERAGE

Effective October 1, 2001, the National Defense Authorization Act for 2001 reinstated TRICARE coverage for **Medicare-eligible uniformed services retirees, their survivors and eligible dependents**. TRICARE coverage will be advantageous to many Medicare-eligible military system beneficiaries who now are covered under the FEHB Program as Federal civilian retirees, family members or former spouses.

Under this new regulation, **TRICARE-eligible FEHB Program annuitants and former spouses** may suspend their FEHB coverage and then return to the FEHB Program during the Open Season, or return to the FEHB Program immediately if they lose TRICARE coverage. ***FEHB enrollment suspension will become effective on the day before your TRICARE enrollment becomes active.***

If you are eligible to enroll in TRICARE, you must complete the **SF2809-1, Health Benefits Registration** form and the **Health Benefits Cancellation/Suspension** form. Both forms may be obtained by contacting the Office of Retirement.

You may obtain more information on TRICARE by visiting OPM's website: www.opm.gov/insure/health/qa/tricare.htm.

EXTENSION OF HEALTH INSURANCE COVERAGE TO THOSE WHO ARE INELIGIBLE TO PARTICIPATE IN THE FEHB PROGRAM

1. **Effective January 1, 1990, Public Law 100-654** went into effect, which allows certain individuals who lose eligibility to participate in the FEHB Program to continue temporarily their FEHB coverage. This law applies to (a) children of FEHB enrollees who lose their coverage for reasons such as reaching age 22, and (b) certain former spouses who would not be eligible to continue a FEHB enrollment under existing law.

In order to acquire coverage under this law, one must elect coverage within sixty (60) days of the event which causes the loss of coverage (i.e., divorce or child's 22nd birthday).

2. The premium for those who acquire temporary FEHB coverage under Public Law 100-654 will be higher than the regular premium for FEHB enrollments because it will reflect the employee's and government's share of the cost of the enrollment. If you would like more information about this law, contact the Office of Retirement.

LONG TERM CARE INSURANCE

On September 19, 2000, Public Law 106-265 was enacted, which included "The Long Term Care Security Act". Long-term care insurance (LTC) is insurance that pays benefits to cover services that individuals may need because they are unable to care for themselves because of an extended illness or injury, or an age-related disease such as Alzheimer's. LTC can provide broad, flexible benefits for nursing home care, care in an assisted living facility, care in your home, adult day care, hospice care, and more.

Further information can be obtained by accessing the Office of Personnel Management's website, www.opm.gov/insure/ltc. To speak to a certified long-term care insurance specialist, call: **1-800-LTC-FEDS/1-800-582-3337**, TDD: 1-800-843-3557, 8:00 a.m. – Midnight, Eastern Time.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FGLI)

NEW PREMIUMS FOR OPTION B

The Office of Personnel Management (OPM) periodically reviews the FGLI premiums to determine whether circumstances require any changes. The latest monthly premiums are shown below:

PREMIUM TABLES

1. MONTHLY PREMIUMS, EFFECTIVE 1-1-03:

I. Basic Life Insurance Coverage

Premium per \$1,000 = \$.325

Reduction Election:	75%	50%	No Reduction
Reduction Election Premium per \$1,000	-0-*	\$.60	\$1.83

*Some annuitants pay a premium for this coverage.

II. Optional Life Insurance Coverage

Age Band	Option A (Standard)	Option B (Additional) (per \$1,000)	Option C (Family) (per multiple)
Under 35	\$.65	\$.065	\$.59
35-39	.87	.087	.74
40-44	1.30	.130	1.00
45-49	1.95	.195	1.30
50-54	3.03	.303	1.95
55-59	5.85	.607	3.14
60-64	13.00	1.300	5.63
65-69		1.538	6.50
70-74		2.232	7.37
75-79		3.098	9.75
80+		3.965	13.00

Please note that the premiums for Option B will change, effective 1-1-04, for age bands 70-74, 75-79 and 80 & over.

IMPORTANT NOTE: The Optional Life Insurance changes previously described affect annuitants under age 65 who are paying for life insurance. If you are age 65 and are not paying for life insurance, any life insurance coverage you have continues as though these changes had not been made.

2. **VERY IMPORTANT**--> SPECIAL NOTICE TO ANNUITANTS WHO REACH AGE 65 WITH OPTION B OR OPTION C LIFE INSURANCE COVERAGE:

Annuitants with Option B Coverage

You may elect **No Reduction or Full Reduction** for your **Option B** coverage.

If you have more than one multiple of **Option B**, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples.

No Reduction means premiums will continue for life (*although premium rates may change in the future*) and the value will never reduce (*unless you change your election*).

Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, *beginning the second month after you reach age 65, until it reaches zero*.

You may change a No Reduction election to Full Reduction at any time, but **you cannot change Full Reduction to No Reduction after reductions begin**.

Annuitants with Option C Coverage

If you retired **after April 24, 1999**, you may elect **No Reduction or Full Reduction** for your **Option C** coverage.

If you have more than one multiple of **Option C**, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples.

No Reduction means premiums will continue for life (*although premium rates may change in the future*) and the value will never reduce (*unless you change your election*).

Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, *beginning the second month after you reach age 65*, until it reaches zero.

You may change a No Reduction election to Full Reduction at any time, but **you cannot change Full Reduction to No Reduction after reductions begin**.

3. SUMMARY OF PROVISIONS WITH REGARD TO ANNUITANTS AT AGE 65 WITH OPTION B AND OPTION C LIFE INSURANCE:

Before you reach age 65, you will have the option of keeping some or all of the multiples of your Option B and Option C coverage. To do this, you need to complete and return the enclosed election form to the Office of Retirement **by the end of the month after the month in which you reach age 65**.

If you want to make an election for your Option B and Option C coverage, you must return the completed election form (see enclosure) to the Office of Retirement in accordance with the deadlines for your age group.

DESIGNATION OF BENEFICIARY

If you designated a beneficiary of your FEGLI, please keep your designations current. If you wish to update your designation of beneficiary (if a named beneficiary dies or changes address), you may request a Form 2823 from the Office of Retirement.

CHANGES IN MARITAL STATUS/SURVIVOR ELECTION

1. All annuitants (retirees *and* survivors) are asked to keep the Office of Retirement informed of any change in marital status. Delays in reporting these changes may defer or prevent important adjustments in benefits, such as:

(A) **Spouses who divorce** may be entitled to continuation of health insurance coverage under the FEHB Program.

(B) **A retired annuitant who had elected a survivor annuity for a spouse *and* whose marriage terminates by death or divorce**, may be entitled to an increase in annuity, effective the first of the month after the one in which the marriage terminated. If the marriage terminated by divorce, the former spouse may qualify for part of the retiree's annuity and/or survivor benefit.

(C)(1) **An annuitant under the "old" retirement system, *the Foreign Service Retirement and Disability System*, who marries after retirement *and* who had not declined to elect a survivor benefit for a spouse at retirement** may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **one** year of marriage.

The **election** of a survivor annuity is **effective after nine months of marriage**, but the **reduction** in the retiree's annuity is **effective after one year of marriage**.

(C)(2) **An annuitant under the "new" retirement system, *the Foreign Service Pension System*, who marries after retirement *and* who had not declined to elect a survivor benefit for a spouse at retirement** may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **two** years of marriage.

The **election** of a survivor annuity is **effective after nine months of marriage**, but the **reduction** in the retiree's annuity is **retroactive to the commencing date of the annuity, or the last date a reduction was in effect for a prior spouse. *Interest on the retroactive reduction is also charged. A new law allows the retroactive amount to be paid by a monthly deduction from the employee's annuity.***

(D) **Surviving children who are receiving annuity benefits** lose their eligibility for annuity benefits, upon marriage.

(E) **Loss of annuity entitlement due to remarriage** may also affect eligibility for continuation of insurance coverage.

2. In general, a retiree (a) **who has declined** to elect a survivor benefit for a spouse at retirement, or (b) **who has declined** to elect the maximum survivor annuity for a spouse at retirement, **may within 18 months of retirement**, elect a survivor benefit or increase the earlier election to one of a maximum survivor benefit. **However, *there is a substantial increase in the initial cost of an increase in a survivor election under this provision.***

ANNUITANT DIRECT

The Bureau of Resource Management in partnership with the Office of Personnel Management (OPM) implemented Annuitant Direct. Annuitant Direct is an innovative automated system that puts you in control of processing your own discretionary changes such as:

- Federal and State Tax withholdings
- Change or establish Voluntary Allotments
- Change or start Direct Deposit
- Request a duplicate Form 1099R
- Change Home Address

To Access Annuitant Direct, using a touch-tone telephone, call toll free **1-888-866-5166** or direct at **1-478-757-3137**. You will also need your Annuitant Direct Personal Identification Number (PIN) and your Social Security Number. By now, you should have received in the mail a confidential PIN from OPM. **If you have not received your PIN, please contact OPM's Annuitant Direct Help-Desk at 1-478-757-3106.**

The Senior Living Foundation is Making a Difference

The Senior Living Foundation of the American Foreign Service is giving significant help to elderly Foreign Service colleagues, spouses, widows, widowers, etc. who find it difficult to cope with their life situations. What began as a dream of the American Foreign Service Protective Association as a vehicle to help our elderly colleagues is now an active and dynamic operation that hundreds of retired Foreign Service people turn to each year. The Foundation's appeal is based on the idea that "we take care of our own".

In 2002 the Foundation made over \$150,000 in grants, a far cry from the beginning, when the Foundation operated on a rather minimal basis, providing information and access to resources available through existing public and private programs. Now a social worker with extensive Foreign Service experience reviews each case to determine the best resources available for the individual. The intervention ranges from information on Meals on Wheels to Assessment and Planning with a Geriatric Case Manager.

Over the past several years, thanks to the generous support of the Foreign Service community, the Foundation has been able to provide financial assistance to help cover the cost of home health care, transportation to medical appointments, hearing aids, prescription drug costs, and durable medical equipment, like wheelchairs.

It has been an exciting and dynamic year for the Foundation as it has reached more of our colleagues in need. Here are some examples of what the Foundation has done in the past few years:

An 85-year-old Foreign Service secretary called the Foundation for assistance with her basic living expenses. She is legally blind and suffers from many medical problems. Also she has had extensive dental work to improve her health. *The Foundation provides a monthly grant to subsidize her basic living expenses and pay her prescription drug copayments. In addition, we have paid some of her pharmacy bills.*

An 80-year-old Foreign Service staff employee contacted the Foundation for assistance since he is being treated for cancer and is bedridden due to a stroke. The Foundation provides a monthly grant for Home Health Care, medical supplies and prescription drug copayments.

A 77-year-old Foreign Service widow wrote the Foundation for assistance with transportation to her medical appointments. She had been diagnosed with cancer. *The Foundation sent a Geriatric Case Manager to visit and do an assessment. We are providing a monthly grant for home health care, groceries and transportation to medical appointments.*

The Senior Living Foundation may be able to help you or someone you know with information and/or financial assistance. For more information, please call:

Senior Living Foundation of the American Foreign Service
1716 N Street, NW
Washington, D. C. 20036
Phone: (202) 887-8170
Fax: (202) 872-9320

CHANGE OF ADDRESS

1. Please continue to keep us informed of any change in your correspondence address.
2. If you need to contact us for any reason, please include your social security number. This will help us identify your records faster.

SPECIAL ANNOUNCEMENT

You may now reach us toll free at **1-866-224-9053** *or* direct on **202-261-8960**. We also invite you to visit or contact us through our Office of Retirement website, www.state.gov/m/dghr/ret.

Our address is:

Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
Fax: (202)261-8988

You may now reach the Retirement Accounts Division (RAD) at www.rad2@state.gov.

The RAD address is: Department of State
Retirement Accounts Division
Charleston Financial Service Center
P. O. Box 150008
Charleston, South Carolina 29415-5008
Phone: (843) 308-5552

We wish you good health and happiness in retirement. It is always our pleasure to serve you.

Sincerely,

Cecelia A. Cooper, Director
Office of Retirement

Daniel S. Webber, Chief
Retirement Policy

Enclosures:
As stated.

FEGLI ELECTION FORM OPTION B COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option B (Additional) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option B premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option B (Additional) Life Insurance. I understand that my Option B coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
(202) 261-8960 FAX (202) 261-8988

FEGLI ELECTION FORM OPTION C COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option C (Family) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction Option C multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option C premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option C (Family) Life Insurance. I understand that my Option C coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
Office of Retirement (HR/RET)
Room H-620, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
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